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CIVIL AVIATION

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Czechoslovak Airlines have Italian approval for the first of six projected flights via Munich and Innsbruck to a relatively isolated airfield in Italy "for the purpose of hauling out wood". The US, skeptical of the announced purpose of the flights, has suggested that Italian officials maintain a close surveillance over these operations. As an added precaution, US Embassy, Prague, has recommended that clearances for the overflight of the US occupational zones be authorized only on condition that the aircraft be required to land at Munich for inspection by US Army authorities.

Satellite desire for Western European Air Communications

Satellite initiative at this time in promoting air relations with non-Communist countries indicates a Soviet desire to accelerate penetration of Western Europe and the Near East. Though past US efforts to arrange reciprocal air agreements were rejected, the USSR now evidently believes that access to the West by air is a sufficiently important objective to justify permitting Western air carriers to operate beyond the Iron Curtain. Continued Satellite eagerness to extend air operations to the West and the Near East has been evidenced by: (a) the Hungarian proposal for an air agreement with the US which would grant her the right to overfly US occupation zones; (b) Czechoslovak efforts to secure US-type long-range air transports from the US, Sweden, the Netherlands or Canada, in order to initiate already proposed air services to the US and Near East; (c) Yugoslav insistence on immediate negotiations for an Italian bilateral air agreement.

If the Soviet-dominated Satellites succeed in extending their air operations to the West, the USSR would gain rapid access to strategically important areas and could support more effectively local Communist Party organizations in their efforts to sabotage the European Recovery Program. While, theoretically, an improvement of communications between Eastern and Western Europe might contribute to the functioning of EEP, the USSR evidently calculates that any such contribution would be negligible.

SURFACE TRANSPORTATION

1. The recent Soviet offer to pay for 38 Lend-Lease Liberty ships appears to indicate that the USSR does not anticipate open hostilities in the near future, but does expect relations with the US to become increasingly strained. Short of war, in which the US would take military action against

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the vessels irrespective of their legal status, it is important that the USSR have unquestioned claim to the ships in her possession, lest they be seized at the high seas or in neutral ports as a consequence of mounting tension (See ONS Weekly, 19 March).

2. Imposition by the Greek Government of a forty percent tax on charter rates of Greek merchant vessels should substantially relieve the precarious financial position of the Government. The new tax may yield as much as \$50,000,000 annually in contrast to present Government revenues of some \$1,000,000 from merchant vessel taxes. Since the additional funds will be derived largely from operations outside Greece, the levy will impose little or no burden on the strained domestic economy. The action, in the face of considerable pressure from wealthy Greek shipowners, indicates a possible strengthening of the internal position of the Athens Government and reflects efforts of the American Aid Mission to develop effective means of forcing Greek shipowners to pay part of the cost of defense and rehabilitation.

3. Anticipated early opening of the Soviet river navigation season because of a comparatively mild winter should substantially relieve the overall transport burden of the USSR. Time thus gained will enable a greater total volume of movement by water, thus lightening the rail traffic load and expediting transportation into otherwise inaccessible areas.

4. Egyptian strategy for economic warfare on Palestine is revealed by a recent ruling that all export applications required for transshipment of cargo must contain a statement that the cargo is not destined for Palestine.

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